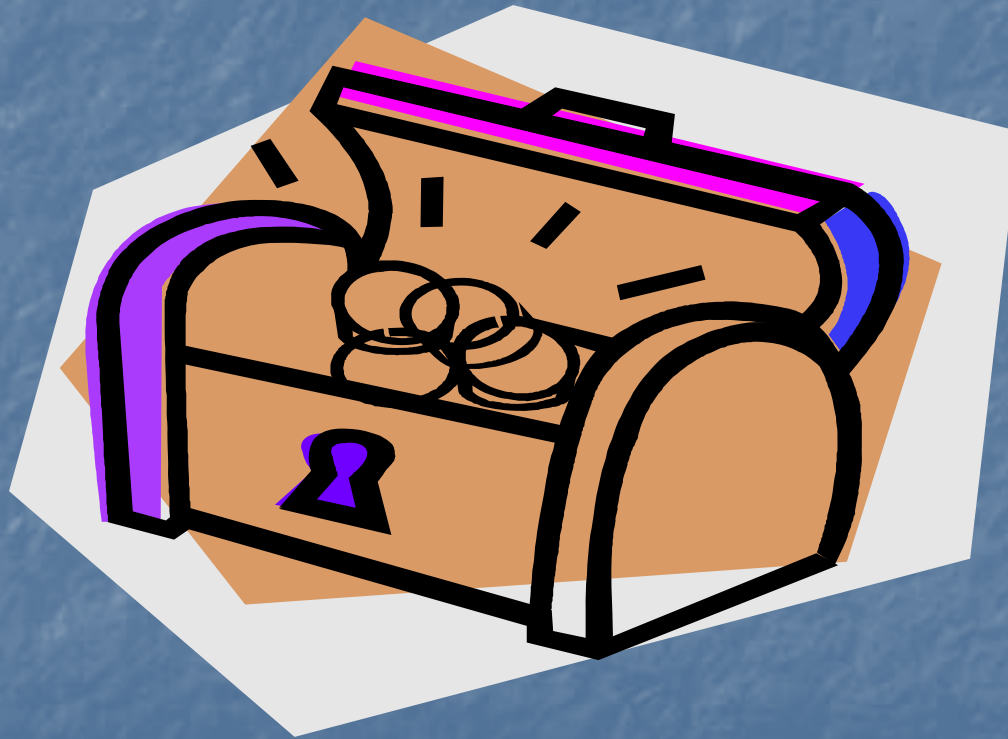


Commonwealth of Virginia Fiscal Fundamentals

Treasury Loans



Department of Accounts

Purpose of Loans

Loans solve timing gaps between necessary expenditures and the collection of related non-general fund revenues. Usually, loans cover these situations:

- A Federal grant provides money only on a reimbursement basis.
- A special fund agency needs a temporary, short-term loan to sustain operations.
- An agency needs to initiate a bond-funded capital project before the bonds have been sold.

Treasury Loans Are Not For:

- Circumventing the Appropriation Act.
- Providing a continuous funding mechanism to solve a chronic deficiency, where expenses perennially exceed revenues.
- Replacing good cash management.
- Repaying existing treasury loans.

Authority

- Approval authority delegated to:
 - State Comptroller, for short term loans to cover temporary unreimbursed expenses.
 - Director, Department of Planning and Budget, for deficit loans, long term working capital loans, and lines of credit.
- The Appropriation Act directly authorizes some treasury loans.

Directive & Forms

- CAPP Topic 20805 – Loans – governs those loans approved by the State Comptroller
- Forms
 - Treasury Loan Request Form (TL-01)
 - Treasury Loan Authorization (TL-02)
 - Acknowledgement of Loan Authorization and Request for Takedown (TL-03)
- Electronic forms are available on DOA website
www.doa.virginia.gov/General_Accounting/Forms/GA_Forms_Main.cfm

Process

- Agency submits loan request at least 6 weeks in advance
- Package includes...
 - Cover letter signed by agency head explaining need for the loan
 - Treasury Loan Request Form (DOA Form [TL-01](#))
 - Cash flow analysis for previous 12 months
 - Cash flow analysis projected for next 12 months
 - If applicable, letters approving awards/grants

Process

- General Accounting analyzes loan package and prepares recommendation to State Comptroller
- On approval, DOA sends authorization (with loan terms) and acknowledgement forms to agency
- Agency submits takedown request to draw funds
 - Use Form [TL-03](#) to indicate the amount of the draw and when it is needed
 - DOA normally processes draw within 24 hours of receipt

Interest

- Some loans bear interest.
 - DOA computes interest due and processes payment from agency funds quarterly.
 - Interest rates used in the calculations are set by the Department of the Treasury.

Loan Repayment

- Agencies are responsible for repaying treasury loans
 - For loans approved by the Comptroller, repayment is required within 12 months.
 - For loans approved by DPB or contained in the Appropriation Act, the repayment date will be specified by the approval authority.
- DOA normally provides at least 30 days advance notice of loan due dates
- Agencies e-mail date and amount of repayment to DOA, which processes the transaction.

Treasury Loan Alternatives

- Lines of Credit
 - Authorized by Section 3-2.03 of the Appropriation Act
 - Contact your DPB Analyst for more information
- Master Equipment Leasing Program (MELP) and Virginia Energy Leasing Program (VELP)
 - Use for the credit purchase of equipment and the funding of energy projects
 - The State Treasury administers these programs.
 - Contact Evie.Whitley@trs.virginia.gov or see www.trs.virginia.gov/ for more information

References

- CAPP Manual Topic
 - Link: [20805 - Loans](#)
- Other
 - Appropriation Act
 - Section 4-3.02, Treasury Loans
 - Section 3-2.03, Lines of Credit
 - Link: [State Budget \(Appropriation Act\)](#) and click on "State Budget"

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